



Welch & Company LLP  
Lévesque Marchand, Chartered Accountants

May 4, 2005

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth St., SW, TW-A325  
Washington, DC 20554

Dear Ms. Dortch:

**Re: CC Docket No. 92-237**  
**North American Numbering Plan Administration**  
**Contribution Factor and Fund Size for July 2005 through June 2006**

In accordance with 47 CFR § 52.16 (a), attached is the submission of the contribution factor and fund size for July 2005 through June 2006 as prepared by Welch & Company LLP as Billing & Collection Agent. The NANC has approved this submission.

In accordance with the Commission's rules, a copy of this report has been filed electronically in the above-referenced docket.

Yours very truly,

WELCH & COMPANY LLP

Faith Marcotte, CA  
Partner

Attachments  
(Service List and Quarterly Report)

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## CERTIFICATE OF SERVICE

I hereby certify that a copy of the forgoing filing was served this 4<sup>th</sup> day of May, 2005, by electronic delivery or by electronic mail, to the persons listed below.



Heather Bambrough

The following parties were served:

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**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of:	)	
	)	
Administration of the North	)	
American Numbering Plan	)	CC Docket No. 92-237

**North American Numbering Plan Administration  
Contribution Factor and Fund Size  
For July 2005 through June 2006**

**I. Background of the Plan**

The North American Numbering Plan (NANP) is a numbering scheme for the public switched telecommunications networks (PSTN) within the United States, Canada and the participating Caribbean countries. The NANP Fund was established to cover the costs of the NANP which include the costs of the administrator for the numbering plan and central code administration and other administration costs of the Plan. NANP is funded by United States telecommunication service providers, and from Canada and Caribbean member countries.

**II. NANP Billing & Collection Agent**

On April 12, 2004 the Federal Communications Commission (FCC) announced that Welch & Company LLP would serve as the NANP Billing & Collection Agent (NANP B&C Agent) for a five year contract term effective October 1, 2004. According to Article 52.16 of Title 47 of the Code of Federal Regulations (CFR), the NANP Billing & Collection Agent is responsible for the collection of funds from United States telecommunication service providers and NANP member countries and for the disbursement of funds to support the numbering functions for telecommunication services. One function of the NANP B&C Agent is to determine the funds required for the operation of the Plan for each funding period and to propose a contribution factor for the United States domestic carriers.

### **III. Budget and Contribution Factor**

#### **Budget**

The budget for the Plan for the upcoming year is set out in Exhibit 1. The total of the costs for the 2005/06 funding year is \$6,903,158, which includes a contingency allowance of \$1M. A detailed discussion as to the determination of the costs can be found under the heading “Anticipated Disbursements”. The International Members contribute \$84,050 towards these costs (see detailed discussion on this point under the heading “Contribution Factor Components – International Members”). The balance of the costs of \$6,819,108 can be funded either by a draw down of the accumulated surplus in the Fund or by an assessment funded by the domestic telecommunication carriers.

#### **Contribution Factor for 2005/06**

Welch & Company LLP supports the recommendation of the North American Numbering Council (NANC) made at their meeting of March 15, 2005 related to the method to assess the domestic telecommunication carriers for 2005/06. The first part of the recommendation is that the anticipated surplus of \$5,692,000 (as at June 30, 2005) be used to offset the balance otherwise required to be collected from the domestic telecommunication carriers. This leaves a balance of \$1,127,108 to be recovered through an assessment. The second part of the recommendation is that a contribution factor of 0.0000052 be used for the 2005/06 funding year (July 2005 – June 2006) to cover this remaining balance. The factor is slightly higher than the factor of 0.0000046 which was submitted to and approved by NANC. The higher factor is due to the fact that the actual contribution base (as reported on the Form 499A submitted April 1, 2005) is lower than originally estimated.

The proposed contribution factor is substantially lower than in prior years (2004/05 – 0.000021) as a result of subsidizing the funding requirement through a draw down of the surplus being carried forward. The minimum funding requirement of \$25 per carrier will remain.

Other options for the contribution factor were provided to the NANC for consideration. One option was to completely fund the anticipated costs for the upcoming year with contributions from the telecommunication service providers and to retain the surplus. NANC also considered completely funding the anticipated costs with contributions from the telecommunication service providers and refunding the carry forward surplus through a cash repayment. However, it was considered more efficient to use a low contribution factor. Other options were to utilize a portion of the surplus to cover the costs for the upcoming year and keep the contribution factor the same as the prior year, or use the surplus to the extent required to keep the contribution amount the same as the prior year. NANC decided, however, that a surplus of \$5.69M was excessive and that it should be refunded to the contributors through a low contribution factor.

#### Contribution Factor – Future

In the future, the contribution factor will be established based on the funding required for that year. The contribution factor for the future years is anticipated to be approximately 0.000025. This is slightly higher than the contribution factor of 0.000021 for the 2004/05 funding year. Based on current projections and contracts in place, this factor should remain stable for the next few years. A notification will be sent to the carriers with the June invoices advising them of the reason for the lower billing for the 2005/06 funding year and that the contribution factor for future years is anticipated to be approximately 0.000025 which will result in higher billings for the 2006/07 year. The notification will be in the form of an attachment to the invoices to be sent out in June. Those carriers who are monthly payers will receive a second reminder notification with the September billing to assist large telecommunication service providers with their budgeting processes. The notification will also indicate that it should be forwarded to their budgeting department. As well, the invoice itself will indicate that there is an important notice attached to the invoice.

#### **IV. Contribution Factor Components**

##### Domestic Telecommunication Service Providers

The domestic carriers are required to fund the numbering administration costs (in excess of funding received from the International members), the CO code administration, the thousand-block pooling administration, carrier audits and the costs of administering the Plan itself. As per 47 CFR § 52.17 all domestic telecommunications carriers are required to fund NANP on a competitively neutral basis. The contribution base that is used to determine the carrier's Plan requirement is based only on billed end-user telecommunication revenues.

The revenue numbers used by the NANP B&C Agent to calculate the individual fees are obtained from the data collection agent, Universal Service Administrative Company (USAC). USAC collects the data from the Form 499A prepared by the telecommunication service providers and distributes the necessary information to NANP B&C Agent on a monthly basis to allow the B&C agent to perform its functions.

##### International Members

Canada and the Caribbean countries contribute to the funding of the numbering plan administration function, but not the central office (CO) code administration, as these countries perform their own CO code administration. The Canadian and Caribbean countries share of the numbering administration costs is based on the country's total population in relation to the total population of the United States, Canada and the participating Caribbean countries. This ratio is further reduced by the percentage of numbering plan administration work performed by the member country itself. Canada performs 25% of the numbering administration itself and the Caribbean countries perform 66.6% of the work themselves. The contribution

required for the 2005/06 funding year by Canada and the Caribbean countries is \$70,358 and \$13,692 respectively.

## **V. Anticipated Disbursements**

### **Numbering Administration and 1K Block Pooling**

Neustar, Inc. administers the numbering plan and central codes administration as well as the 1K Block Pooling. Both the numbering administration and the 1K Block Pooling costs are provided for in the budget as per the existing contracts with Neustar Inc. The NANP administration contract is for 5 years commencing July 1, 2003 until June 30, 2008. The 1K Block Pooling contract which is also for 5 years expires June 30, 2006. The contract for the numbering administration is for a fixed price except for the travel component which provides for a cap to the maximum to be expended. The 1K Block Pooling contract is not a fixed price contract but limits the maximum expenditures that can be billed to the Plan over the term of the contract. The budget has provided for the maximum expenditure limit as detailed in the contract. Any additional work to be performed by Neustar, Inc. for either numbering administration or Block Pooling is to be covered by the contingency allowance.

### **Other Plan Costs**

The budget has allowed for 16 carrier audits to be performed by the FCC during the funding year at an average cost of \$43,750/audit.

The cost of the Billing & Collection Agent is provided for in the budget as set out in the contract. The fixed price contract is for 5 years commencing October 1, 2004 until September 30, 2009.

The cost of the Data Collection Agent has been provided for based on the USAC's estimate of NANP's share of the cost of the data collection. The Plan is charged 8% of the monthly cost that the Data Collection Agent incurs with respect to collection of data from the Form 499A.

The cost of the operational audit of the Plan has been included in the budget based on the cost of the prior year with a provision for general cost increase.

A contingency allowance of \$1 million has been provided to cover unforeseen expenses such as bad debts or additional work to be performed by the NANP administrator in addition to the contracts in place.

**NANPA FUND BUDGET AND CONTRIBUTION FACTOR**  
**July 2005 to June 2006**

**Budget and Contribution Factor Development**

**Projected Disbursements**

**NANPA Administration**

NANPA Administration (69% per Neustar)	\$ 992,232
NANPA CO Code Administration (31% per Neustar)	445,785

<b>Total NANPA Administration</b>	<u>1,438,017</u>
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**Less NANPA Administration costs funded by International Participants**

Canada	70,358
Caribbean countries	13,692

<b>Total Contributions by International Participants</b>	<u>84,050</u>
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<b>Net total NANPA Administration Costs</b>	1,353,967
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<b>1K Block Pooling Administration</b>	3,501,341
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<b>Carrier Audits</b>	700,000
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<b>Billing &amp; Collections Agent</b>	238,800
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<b>Data Collection Agent</b>	100,000
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<b>Annual Operations Audit</b>	45,000
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<b>Interest income</b>	<u>(120,000)</u>
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<b>Total net projected disbursements for July 2005 to June 2006</b>	5,819,108
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<b>Desired contingency provision</b>	<u>1,000,000</u>
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<b>Balance to be funded through reduction in surplus and US carrier contributions</b>	6,819,108
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<b>Portion of projected surplus to be used for 2005/06 year</b>	<u>(5,692,000)</u>
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<b>Net US Carrier Contribution requirement</b>	<u><u>\$ 1,127,108</u></u>
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<b>Contribution Factor</b>	<u><u>0.0000052</u></u>
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**NOTES:**

Contribution Base - based on April 2005 499A	<u>\$ 218,487,585,917</u>
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